

Message Text

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TO AMEMBASSY JAKARTA PRIORITY

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, ID, US

SUBJECT: CAMP DAVID DISCUSSIONS, JULY 5.

REF: STATE 161472

1. FOLLOWING IS UNCLEARED SUMMARY OF DISCUSSION AMONG SECRETARY, FOREIGN MINISTER MALIK, ECONOMIC AFFAIRS MINISTER WIDJOJO, ASSISTANT TREASURY SECRETARY COOPER AND OTHER MEMBERS OF U.S. AND INDONESIAN PARTIES AT CAMP DAVID JULY 5 WHILE PRESIDENT FORD WAS MEETING PRIVATELY WITH PRESIDENT SUHARTO:

2. U.S. ROLE IN ASIA. SECRETARY OPENED DISCUSSION WITH REFERENCE TO CLOSENESS OF U.S.-INDONESIAN RELATIONS. EVENTS IN SOUTHEAST ASIA HAVE RAISED QUESTIONS ABOUT U.S. ROLE. U.S. IS DETERMINED TO CONTINUE PLAYING ROLE IN ASIA. U.S. CONSIDERS INDONESIA ONE OF PRINCIPAL COUNTRIES IN ASIA AND MAIN CENTER OF POWER IN SOUTHEAST ASIA.

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3. INDONESIA AND SOUTHEAST ASIA. MALIK RESPONDED THAT

INDONESIA HAD NO DOUBTS ABOUT U.S.-INDONESIAN RELATIONS, WHICH ARE BASED ON SHARED COMMON INTERESTS. WHEN ASEAN WAS FOUNDED SEVEN YEARS AGO, MANY OF INDONESIA'S NEIGHBORS WANTED TO BE DEPENDENT ON U.S. NOW, WITH NEW SITUATION IN SOUTHEAST ASIA, SOME COUNTRIES WANT TO DEPEND ON INDONESIA. THIS IS WRONG APPROACH. GOI HAS BEEN TELLING ASEAN PARTNERS THAT EACH MUST STRENGTHEN ITSELF AND DEVELOP NATIONAL RESILIENCE IN ITS OWN WAY. THAILAND, FOR EXAMPLE, NOW WANTS TO DO EVERYTHING DEMOCRATICALLY BUT FACES THREATENING FORCE. GOI HAS ADVISED THAI THAT THEY SHOULD IMPROVE CIVILIAN-MILITARY COOPERATION AND SHOULD DEVELOP THEIR OWN IDEOLOGY BASED ON KING, BUDDHISM AND ECONOMIC/SOCIAL DEVELOPMENT. MALAYSIA FACES DIFFERENT PROBLEMS IN DEALING WITH CHINESE MINORITY AND WITH RELATIONS BETWEEN EAST AND WEST MALAYSIA. MALAYSIA. IN SINGAPORE, LEE FEARS SINGAPORE CHINESE WILL BECOME TARGETS OF PRC INFLUENCE IF RELATIONS ESTABLISHED. PHILIPPINES ALSO NEEDS NATIONAL IDEOLOGY PLUS EFFECTIVE ECONOMIC/SOCIAL PROGRAMS.

4. REGIONAL DEFENSE. CONTINUING, MALIK SAID GOI WAS ALSO CONCERNED WITH STRENGTHENING DEFENSES OF ASEAN COUNTRIES. ASEAN HAS ALREADY DEVELOPED SOME COOPERATION IN INTELLIGENCE FIELD AND IN JOINT EXERCISES, AND ASEAN OFFICIALS WILL MEET SHORTLY TO DISCUSS DEFENSE COOPERATION. EVEN IF THIS PROCEEDS AS HOPED, HOWEVER, ASEAN COUNTRIES LACK CAPACITY TO PRODUCE MILITARY EQUIPMENT AND WILL REQUIRE ASSISTANCE FROM OUTSIDE. AS GOI UNDERSTANDS IT, U.S. SUPPORT WILL NOT DECREASE BUT FORM OF ASSISTANCE WILL CHANGE. AUSTRALIA SUPPORTS THRUST OF INDONESIAN AND ASEAN POLICIES AND ASEAN COUNTRIES SHOULD EVENTUALLY INCLUDE AUSTRALIA IN THEIR PLANS TO IMPROVE SECURITY SURVEILLANCE IN THE REGION.

5. U.S. BASES. MALIK SUGGESTED THAT IF COMMON UNDER-STANDING EXISTED, IT WOULD NOT BE IMPORTANT WHETHER U.S. RETAINED THAI AND PHILIPPINE BASES OR WITHDREW FROM THEM. WE SHOULD EXPLORE HOW ASEAN COULD USE BASES AND CONTINUE THEM. INDONESIA BELIEVES U.S. STILL HAS MAJOR INTERESTS AND RESPONSIBILITIES IN AREA WHICH IT WILL MEET IN NEW

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AND DIFFERENT WAY. PROBLEM FOR SEA COUNTRIES IS ONE OF GAINING ENOUGH TIME TO STRENGTHEN THEMSELVES. DECISION AT KUALA LUMPUR ASEAN MEETING TO EXTEND HAND TO INDOCHINA WAS UNDERTAKEN WITH THIS IN MIND.

6. U.S. VIEWS. SECRETARY RESPONDED THAT VIEWS EXPRESSED BY MALIK CAN FIND SUBSTANTIAL SUPPORT IN U.S. WE AGREE WITH INDONESIA'S ROLE AS OUTLINED, AND ARE PRE-

PARED TO COOPERATE. QUESTION IS HOW TO MAKE THIS CONCRETE. ON SPECIFIC ISSUES, WE WILL NOT TRY TO KEEP

OUR MILITARY BASES WHERE THEY ARE NOT WANTED. IN THAILAND, CONTINUATION OF OUR BASES MAY BECOME MORE AND MORE PROBLEMMATICAL. BUT HOST COUNTRIES MUST UNDERSTAND THAT IT IS DIFFICULT FOR U.S. TO WITHDRAW FROM BASES AND STILL MAINTAIN A SECURITY RELATIONSHIP.

7. ASEAN AND INDOCHINA. SECRETARY NOTED THAT HE HAD NEGOTIATED WITH NORTH VIETNAMESE FOR 15 YEARS AND HAD FEW ILLUSIONS AS TO THEIR INTENTIONS. WE HAVE NO OBJECTION TO ASEAN RELATIONS WITH INDOCHINA, BUT ASEAN STATES SHOULD HAVE NO ILLUSIONS. NORTH VIETNAM DOES NOT EXPAND BECAUSE IT IS THREATENED BUT BECAUSE IT DESIRES TO. WE MUST FACE FACT THAT NORTH VIETNAM WILL BE EXPANSIONISTIC, ALTHOUGH IT MAY CHANGE. ON U.S. AID, WE HAVE BETTER USES FOR OUR FUNDS THAN REHABILITATION OF INDOCHINA, AND WE FEEL THAT THOSE WHO SUPPORTED HANOI IN MILITARY CONQUEST SHOULD BE THE ONES TO HELP THEM. THEREFORE THERE WILL BE NO U.S. AID PROGRAM FOR INDOCHINA. WE EXPECT THAT HANOI MAY TRY TO REINTRODUCE US TO THE SCENE IN ORDER TO TROUBLE OTHERS. WE MAY PLAY ALONG FOR OUR OWN REASONS BUT WE DO NOT HAVE TO PAY THEM. THERE IS NO MATERIAL ANTAGONISM BETWEEN U.S. AND HANOI. WE MERELY WANT NORTH VIETNAM TO LEAVE ITS NEIGHBORS ALONE. IF NORTH VIETNAMESE PURSUE MODERATE POLICIES WE WILL COOPERATE; IF THEY THREATEN, WE WILL SUPPORT OUR TRADITIONAL FRIENDS.

8. ECONOMIC AND SECURITY COOPERATION. SECRETARY NOTED THAT WHILE WE WISHED TO SUPPORT INDONESIA, PROBLEM WAS HOW TO WORK TOGETHER ON ECONOMIC AND SECURITY ISSUES.

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HOW DO WE PREVENT OTHERS FROM TAKING POSTURES AGAINST US? WE DO NOT ASK FOR SUPPORT, BUT THERE IS LIMIT BEYOND WHICH CONSTANT CONFRONTATION WILL AFFECT OUR RELATIONSHIP. WE WILL KEEP IN TOUCH WITH GOI ON THIS. ON THE WHOLE, WE FEEL THERE IS BETTER BASIS FOR LONG-TERM PEACE IN THESE IDEAS THAN WHEN U.S. HAD TO DO EVERYTHING. WE THINK INDONESIA WILL PLAY LEADING ROLE AND WE WANT TO WORK WITH GOI. QUESTIONS IS NOW TO DO SO CONCRETELY. MALIK EXPRESSED VIEW THAT ONCE THERE IS BROAD AGREEMENT ON COOPERATION, SPECIFIC AREAS CAN BE FOUND. INDONESIANS MUST DO OWN HOMEWORK, DEVELOP OWN POLICIES, DISCUSS THEM WITH ASEAN AND THEN DISCUSS THEM WITH US.

9. RAW MATERIALS AND TRANSFER OF RESOURCES. MINISTER WIDJOJO SAID THAT ONE KEY PROBLEM TO EXPLORE WAS STABILI-

ZATION OF PRICES OF RAW MATERIALS. GOI WAS CONCERNED WITH LACK OF RESULTS IN PARIS LAST YEAR. AS OPEC MEMBER, INDONESIA CANNOT SEPARATE RAW MATERIAL PROBLEM FROM THAT OF ENERGY, IGNORING FORMER TO TALK ABOUT LATTER. IN THIS

GOI MUST CONSIDER CONCERNS OF ASEAN GROUP AS A WHOLE. ANOTHER QUESTION IS THAT OF TRANSFER OF RESOURCES. GOI APPRECIATES U.S. PROBLEM WITH REGARD TO AID BUT WOULD LIKE TO SEE U.S. CONTINUE TO PLAY IMPORTANT ROLE IN MOBILIZATION OF RESOURCES FOR INDONESIA AND INDOCHINA. THERE HAS ALSO BEEN DISCONCERTING U.S. POLICY IN IBRD. GOI HAS BEEN CONCERNED THAT FLOW OF FUNDS TO INDONESIA WILL BE BLOCKED BECAUSE OF INDONESIA'S OPEC MEMBERSHIP.

10. U.S. VIEW. SECRETARY OBSERVED THAT PROBLEM IS ONE WHICH BOTH DEVELOPED AND DEVELOPING COUNTRIES MUST DEAL WITH. WE HAVE DIFFERENCES BUT CAN STILL TALK ABOUT THEM. THE WAY ALGERIA STATES THE PROBLEM, HOWEVER, IS UNACCEPTABLE. IT LEADS TO CONFRONTATION IN WHICH ALL WILL LOSE. WE CANNOT DEAL WITH THIS ISSUE BY CONFRONTATION. WE CANNOT CONSTANTLY BE CONFRONTED WITH MANIFESTOS THAT PUT US ON MORAL DEFENSIVE AND THEN ASK US TO COOPERATE. THIS DOES NOT APPLY TO INDONESIA BUT WE WANT GOI TO HAVE OUR VIEWS.

11. AS TO SPECIFICS, SECRETARY CONTINUED, WE ARE PRE-
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PARED TO DISCUSS RAW MATERIALS IN COMMON WITH ENERGY PROBLEM. MOST OF OUR ECONOMISTS DO NOT BELIEVE PRICE STABILIZATION IS BEST WAY TO HANDLE PROBLEM. WE ARE WORKING ON THIS ISSUE AND WILL TRY TO FIND SOLUTION TO PROBLEM OF EXTREME PRICE FLUCTUATION. WE DO NOT EXCLUDE A RELATIONSHIP BETWEEN RAW MATERIALS AND ENERGY BUT WE ARE OPPOSED TO A MONSTER CONFERENCE THAT WILL MERELY PRODUCE ABSTRACT DECLARATIONS. WE WILL TRY TO COOPERATE AND HOPE DIALOGUE ON A WIDER BASIS WILL EMERGE.

12. OIL PRICES. SECRETARY POINTED OUT THAT OPEC OIL PRICE ESCALATION PRESENTS DIFFICULT PROBLEM FOR U.S. HE HAS OPPOSED LEGISLATIVE AND ADMINISTRATIVE ACTIONS AGAINST OPEC COUNTRIES, ESPECIALLY OUR FRIENDS.

13. DEVELOPMENT LOANS. ASSISTANT SECRETARY COOPER SAID THAT THERE IS NO FEELING IN U.S. THAT IBRD AND ADB SHOULD NOT MAKE MAJOR EFFORT TO HELP INDONESIA. HE ADDED THAT IT WOULD BE MISLEADING TO SUGGEST THAT THE PROSPECT OF SOFT LOANS FOR INDONESIA WAS BRIGHT AND THAT THEY WOULD BE DIFFICULT TO EXPLAIN TO CONGRESS, PARTICULARLY WITH THE PRESENT AID PIPELINE. KISSINGER

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